

PERAC AUDIT REPORT



Fitchburg Contributory Retirement System

JAN. 1, 2003 - DEC. 31, 2005 / PERAC 05-37



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PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

October 26, 2006

The Public Employee Retirement Administration Commission has completed an examination of the **Fitchburg** Retirement System pursuant to G.L. c. 32, § 21. The examination covered the period from January 1, **2003** to December 31, **2005**. This audit was conducted in accordance with the accounting and management standards established by the Public Employee Retirement Administration Commission in regulation 840 CMR 25.00. Additionally, all supplementary regulations approved by PERAC and on file at PERAC are listed in this report.

In our opinion, the financial records are being maintained and management functions are being performed in conformity with the standards established by the Public Employee Retirement Administration Commission. There were no significant findings to report.

We commend the **Fitchburg** Retirement Board for the exemplary operation of the system.

In closing, I acknowledge the work of examiner Richard Ackerson who conducted this examination and expresses appreciation to the Board of Retirement and staff for their courtesy and cooperation.

Sincerely,



Joseph E. Connarton
Executive Director



Fitchburg Retirement System

STATEMENT OF LEDGER ASSETS AND LIABILITIES

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 2003
AND ENDING DECEMBER 31, 2005**

FOR THE PERIOD ENDING DECEMBER 31,				
ASSETS	2005	2004	2003	
Cash	\$350,277	\$42,233	\$264,115	
Short Term Investments	1,226,585	837,257	329,467	
Fixed Income Securities (at book value)	19,456,597	22,917,407	25,155,740	
Equities	16,469,166	0	0	
Pooled Short Term Funds	0	0	0	
Pooled Domestic Equity Funds	26,109,635	42,942,166	38,503,001	
Pooled International Equity Funds	7,883,523	6,615,934	5,486,976	
Pooled Global Equity Funds	0	0	0	
Pooled Domestic Fixed Income Funds	0	0	0	
Pooled International Fixed Income Funds	0	0	0	
Pooled Global Fixed Income Funds	0	0	0	
Pooled Alternative Investment Funds	0	0	0	
Pooled Real Estate Funds	1,361,637	0	0	
Pooled Domestic Balanced Funds	0	0	0	
Pooled International Balanced Funds	0	0	0	
PRIT Cash Fund	0	0	0	
PRIT Core Fund	0	0	0	
Interest Due and Accrued	219,054	254,810	266,489	
Accounts Receivable	4,461,167	99,308	132,192	
Accounts Payable	(89,846)	(88,445)	(209,844)	
TOTAL	<u>\$77,447,795</u>	<u>\$73,620,669</u>	<u>\$69,928,135</u>	
FUND BALANCES				
Annuity Savings Fund	\$24,380,555	\$22,138,043	\$21,132,625	
Annuity Reserve Fund	8,374,216	8,980,749	8,519,685	
Pension Fund	686,838	1,867,747	4,108,214	
Military Service Fund	7,326	0	0	
Expense Fund	0	0	0	
Pension Reserve Fund	<u>43,998,859</u>	<u>40,634,130</u>	<u>36,167,612</u>	
TOTAL	<u>\$77,447,795</u>	<u>\$73,620,669</u>	<u>\$69,928,135</u>	

Fitchburg Retirement System

STATEMENT OF CHANGES IN FUND BALANCES

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 2003
AND ENDING DECEMBER 31, 2005**

	Annuity Savings Fund	Annuity Reserve Fund	Pension Fund	Military Service Fund	Expense Fund	Pension Reserve Fund	Total All Funds
Beginning Balance (2003)	\$21,893,988	\$6,230,766	\$5,068,890	\$0	\$0	\$26,627,750	\$59,821,394
Receipts	2,535,465	207,215	5,677,032	0	464,598	9,539,862	18,424,173
Interfund Transfers	(2,976,539)	2,976,539	0	0	0	0	0
Disbursements	(320,289)	(894,836)	(6,637,709)	0	(464,598)	0	(8,317,432)
Ending Balance (2003)	21,132,625	8,519,685	4,108,214	0	0	36,167,612	69,928,135
Receipts	2,714,267	260,332	5,580,329	0	537,923	4,465,574	13,558,423
Interfund Transfers	(1,320,617)	1,319,672	0	0	0	944	0
Disbursements	(388,232)	(1,118,940)	(7,820,795)	0	(537,923)	0	(9,865,889)
Ending Balance (2004)	22,138,043	8,980,749	1,867,747	0	0	40,634,130	73,620,669
Receipts	2,756,482	260,332	6,756,363	7,326	536,482	3,359,606	13,676,591
Interfund Transfers	(226,923)	221,800	0	0	0	5,123	0
Disbursements	(287,047)	(1,088,665)	(7,937,272)	0	(536,482)	0	(9,849,466)
Ending Balance (2005)	<u>\$24,380,555</u>	<u>\$8,374,216</u>	<u>\$686,838</u>	<u>\$7,326</u>	<u>\$0</u>	<u>\$43,998,859</u>	<u>\$77,447,795</u>

Fitchburg Retirement System

STATEMENT OF INCOME

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 2003
AND ENDING DECEMBER 31, 2005**

	FOR THE PERIOD ENDING DECEMBER 31,		
	2005	2004	2003
Annuity Savings Fund:			
Members Deductions	\$2,455,843	\$2,348,612	\$2,296,338
Transfers from other Systems	124,311	135,318	27,143
Member Make Up Payments and Redeposits	44,801	109,059	8,120
Investment Income Credited to Member Accounts	<u>131,527</u>	<u>121,278</u>	<u>203,865</u>
Sub Total	<u>2,756,482</u>	<u>2,714,267</u>	<u>2,535,465</u>
Annuity Reserve Fund:			
Investment Income Credited Annuity Reserve Fund	<u>260,332</u>	<u>260,332</u>	<u>207,215</u>
Pension Fund:			
3 (8) (c) Reimbursements from Other Systems	75,813	54,252	28,456
Received from Commonwealth for COLA and Survivor Benefits	758,327	275,234	562,261
Pension Fund Appropriation	<u>5,922,223</u>	<u>5,250,843</u>	<u>5,086,315</u>
Sub Total	<u>6,756,363</u>	<u>5,580,329</u>	<u>5,677,032</u>
Military Service Fund:			
Contribution Received from Municipality on Account of Military Service	7,297	0	0
Investment Income Credited Military Service Fund	<u>29</u>	<u>0</u>	<u>0</u>
Sub Total	<u>7,326</u>	<u>0</u>	<u>0</u>
Expense Fund:			
Expense Fund Appropriation	0	0	0
Investment Income Credited to Expense Fund	<u>536,482</u>	<u>537,923</u>	<u>464,598</u>
Sub Total	<u>536,482</u>	<u>537,923</u>	<u>464,598</u>
Pension Reserve Fund:			
Federal Grant Reimbursement	40,139	27,565	18,048
Pension Reserve Appropriation	0	0	0
Interest Not Refunded	2,106	2,072	4,176
Excess Investment Income	<u>3,317,361</u>	<u>4,435,937</u>	<u>9,517,638</u>
Sub Total	<u>3,359,606</u>	<u>4,465,574</u>	<u>9,539,862</u>
TOTAL RECEIPTS	<u>\$13,676,591</u>	<u>\$13,558,423</u>	<u>\$18,424,173</u>

Fitchburg Retirement System

STATEMENT OF DISBURSEMENTS

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 2003
AND ENDING DECEMBER 31, 2005**

FOR THE PERIOD ENDING DECEMBER 31,			
	2005	2004	2003
Annuity Savings Fund:			
Refunds to Members	\$138,847	\$134,162	\$223,517
Transfers to other Systems	<u>148,200</u>	<u>254,070</u>	<u>96,772</u>
Sub Total	<u>287,047</u>	<u>388,232</u>	<u>320,289</u>
Annuity Reserve Fund:			
Annuities Paid	1,074,570	1,045,433	888,308
Option B Refunds	<u>14,094</u>	<u>73,507</u>	<u>6,528</u>
Sub Total	<u>1,088,665</u>	<u>1,118,940</u>	<u>894,836</u>
Pension Fund:			
Pensions Paid			
Regular Pension Payments	4,958,880	4,881,381	4,048,621
Survivorship Payments	272,003	240,126	221,464
Ordinary Disability Payments	104,450	111,885	109,110
Accidental Disability Payments	756,344	739,726	647,966
Accidental Death Payments	307,801	319,736	298,387
Section 101 Benefits	110,183	105,183	108,000
3 (8) (c) Reimbursements to Other Systems	243,864	300,638	187,244
State Reimbursable COLA's Paid	1,183,746	1,122,120	1,016,917
Chapter 389 Beneficiary Increase Paid	<u>0</u>	<u>0</u>	<u>0</u>
Sub Total	<u>7,937,272</u>	<u>7,820,795</u>	<u>6,637,709</u>
Military Service Fund:			
Return to Municipality for Members Who Withdrew Their Funds	<u>0</u>	<u>0</u>	<u>0</u>
Expense Fund:			
Board Member Stipend	15,000	15,000	15,000
Salaries	56,037	51,719	48,287
Legal Expenses	1,609	3,964	2,194
Fiduciary Insurance	5,989	6,078	4,316
Travel Expenses	302	555	293
Administrative Expenses	17,315	22,157	12,719
Furniture and Equipment	0	0	0
Management Fees	365,401	372,106	314,821
Custodial Fees	31,329	22,844	23,468
Consultant Fees	<u>43,500</u>	<u>43,500</u>	<u>43,500</u>
Sub Total	<u>536,482</u>	<u>537,923</u>	<u>464,598</u>
TOTAL DISBURSEMENTS	<u>\$9,849,466</u>	<u>\$9,865,889</u>	<u>\$8,317,432</u>

Fitchburg Retirement System

INVESTMENT INCOME

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 2003
AND ENDING DECEMBER 31, 2005**

	FOR THE PERIOD ENDING DECEMBER 31,		
	2005	2004	2003
Investment Income Received From:			
Cash	\$51,408	\$15,020	\$36,049
Short Term Investments	0	0	0
Fixed Income	1,275,248	1,374,614	1,515,910
Equities	78,828	0	0
Pooled or Mutual Funds	1,176,055	701,614	470,034
Commission Recapture	0	0	0
TOTAL INVESTMENT INCOME	<u>2,581,539</u>	<u>2,091,249</u>	<u>2,021,992</u>
Plus:			
Realized Gains	357,143	55,427	382,176
Unrealized Gains	7,206,409	6,932,784	11,519,859
Interest Due and Accrued on Fixed Income Securities - Current Year	219,054	254,810	266,489
Sub Total	<u>7,782,607</u>	<u>7,243,022</u>	<u>12,168,524</u>
Less:			
Paid Accrued Interest on Fixed Income Securities	(70,775)	(56,187)	(240,862)
Realized Loss	(451,244)	(153,278)	(428,995)
Unrealized Loss	(5,341,587)	(3,502,847)	(2,868,201)
Interest Due and Accrued on Fixed Income Securities - Prior Year	(254,810)	(266,489)	(259,142)
Sub Total	<u>(6,118,416)</u>	<u>(3,978,801)</u>	<u>(3,797,199)</u>
NET INVESTMENT INCOME	<u>4,245,731</u>	<u>5,355,469</u>	<u>10,393,317</u>
Income Required:			
Annuity Savings Fund	131,527	121,278	203,865
Annuity Reserve Fund	260,332	260,332	207,215
Military Service Fund	29	0	0
Expense Fund	536,482	537,923	464,598
TOTAL INCOME REQUIRED	<u>928,370</u>	<u>919,532</u>	<u>875,679</u>
Net Investment Income	<u>4,245,731</u>	<u>5,355,469</u>	<u>10,393,317</u>
Less: Total Income Required	<u>928,370</u>	<u>919,532</u>	<u>875,679</u>
EXCESS INCOME TO THE PENSION RESERVE FUND	<u>\$3,317,361</u>	<u>\$4,435,937</u>	<u>\$9,517,638</u>

Fitchburg Retirement System

STATEMENT OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2005

	BOOK VALUE	MARKET VALUE	PERCENTAGE OF TOTAL ASSETS	PERCENTAGE ALLOWED
Cash		\$350,277	0.48%	
Short Term		1,226,585	1.68%	
Fixed Income		19,456,597	26.71%	30 - 80
Equities		16,469,166	22.60%	70
Pooled Short Term Funds		0	0.00%	
Pooled Domestic Equity Funds		26,109,635	35.84%	
Pooled International Equity Funds		7,883,523	10.82%	
Pooled Global Equity Funds		0	0.00%	
Pooled Domestic Fixed Income Funds		0	0.00%	
Pooled International Fixed Income Funds		0	0.00%	
Pooled Global Fixed Income Funds		0	0.00%	
Pooled Alternative Investment Funds		0	0.00%	
Pooled Real Estate Funds		1,361,637	1.87%	5
Pooled Domestic Balanced Funds		0	0.00%	
Pooled International Balanced Funds		0	0.00%	
PRIT Cash Fund		0	0.00%	
PRIT Core Fund		<u>0</u>	<u>0.00%</u>	
GRAND TOTALS	\$0	<u><u>\$72,857,419</u></u>	<u><u>100.00%</u></u>	

For the year ending December 31, **2005**, the rate of return for the investments of the **Fitchburg** Retirement System was 6.40%. For the five year period ending December 31, **2005**, the rate of return for the investments of the **Fitchburg** Retirement System averaged 3.35%. For the 21-year period ending December 31, **2005**, since PERAC began evaluating the returns of the retirement systems, the rate of return of the investments of the **Fitchburg** Retirement System was 8.71%.

Fitchburg Retirement System

SUPPLEMENTARY INVESTMENT REGULATIONS

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2005

The **Fitchburg** Retirement System submitted the following supplementary investment regulations, which were approved by PERAC on:

February 9, 1998

20.03(1) Equity investments shall not exceed 70% of the portfolio valued at market, including international equities which shall not exceed 10% of the portfolio valued at market.

20.03(2) At least 30% but no more than 80% of the total portfolio valued at market shall consist of fixed income investments with a maturity of more than one year.

20.07(9) Commingled real estate shall not exceed 5% of the total book value of the portfolio at the time of purchase provided that:

- (a) the retirement board does not participate in the selection of personnel responsible for making real estate investments and should this be required, prior to any participation by the board, the board shall consult with PERAC to determine the appropriate course of action;
- (b) such personnel retain authority in the decision making process, and
- (c) should an investment in real estate result in the direct ownership of real estate or mortgage indebtedness, such shall be permitted only until such time as divestiture is prudent.

Fitchburg Retirement System

NOTES TO FINANCIAL STATEMENTS

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2005

NOTE 1 - THE SYSTEM

The plan is a contributory defined benefit plan covering all **Fitchburg** Retirement System member unit employees deemed eligible by the retirement board, with the exception of school department employees who serve in a teaching capacity. The Teachers' Retirement Board administers the pensions of such school employees.

Instituted in 1937, the System is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees.

The system provides for retirement allowance benefits up to a maximum of 80% of a member's highest three year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions, normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 75 - 85% pension and 15 - 25% annuity.

Active members contribute either 5, 7, 8, or 9% of their gross regular compensation. Members joining the retirement system after January 1, 1979 must contribute an additional 2% on regular compensation earned at a rate in excess of \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. These deductions are deposited in the Annuity Savings Fund and earn interest at a rate determined by the Executive Director of PERAC according to statute. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustment granted between 1981 and 1997 and any increase in other benefits imposed by state law during that period are borne by the state.

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current year pension payments as indicated on the most recent funding schedule as approved by PERAC's Actuary. Until recently, retirement systems were paying only the actual retirement benefits that were due each year.

Fitchburg Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2005

Systems had no statutory authorization to put aside any money for the future benefits of employees who are now working. Large unfunded liabilities resulted from operating upon this pay-as-you-go basis. In 1977, legislation authorized local governments to appropriate funds to meet future pension obligations.

In 1983, additional legislation was passed requiring the transfer of investment earnings (in excess of the amount credited to member accounts) into the Pension Reserve Fund. These initiatives have significantly reduced the rate of growth of the retirement systems' unfunded liabilities, and in some systems have actually eliminated such liability.

Administrative expenses are funded through investment income of the system.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent upon several factors including: whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veteran's status, and group classification.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive either zero (0%) percent, fifty (50%) percent, or one hundred (100%) percent of the regular interest which has accrued upon those deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Executive Director of Public Employee Retirement Administration Commission.

The Annuity Savings Fund is the fund in which members' contributions are deposited. Active members contribute either 5, 7, 8, or 9% of their gross regular compensation. Voluntary contributions, redeposits, and transfers to and from other systems, are also accounted for in this fund. Members' contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw with less than ten years of service is transferred to the Pension Reserve Fund. Upon retirement, members' contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances must be transferred to the Pension Reserve Fund after a period of ten years of inactivity.

Fitchburg Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2005

The Annuity Reserve Fund is the fund to which a member's account is transferred upon retirement from the Annuity Savings Fund and Special Military Service Credit Fund. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance.

The Special Military Service Credit Fund contains contributions and interest for members while on a military leave for service in the Armed Forces who will receive creditable service for the period of that leave.

The Expense Fund contains amounts transferred from investment income for the purposes of administering the retirement system.

The Pension Fund contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The Pension Reserve Fund contains amounts appropriated by the governmental units for the purposes of funding future retirement benefits. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain of a market valued investment as of the valuation date is credited to the Pension Reserve Fund. Additionally, any investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund, and Special Military Service Credit Fund is credited to this Reserve account.

The Investment Income Account is credited with all income derived from interest and dividends of invested funds. At year-end the interest credited to the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund, and Special Military Service Credit Fund is distributed from this account and the remaining balance is transferred to the Pension Reserve Fund.

NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS

The **Fitchburg** Retirement System submitted the following supplementary membership regulations, which were approved by PERAC on:

December 8, 1995

Procedure for New Employees

All departments shall notify the Retirement Office of any new employees, giving the name, job title and description, rate of pay, number of hours, and source of funding. No new employees will be put on the payroll if the above procedure has not been met.

Fitchburg Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2005

NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS (Continued)

Buy-Backs

Anyone becoming aware for the first time of his or her eligibility under the 20-hour rule may buy back prior creditable service. Paybacks may be made in a lump-sum payment or through weekly deductions not to be less than \$3.00 per week.

Annual Questionnaires

Pensioners and member survivors are required to fill out and sign the annual Questionnaires, which must be returned to the Retirement Board within two months of the month they are mailed out.

January 10, 1996

Membership

All employees of the City of Fitchburg who work a minimum of 20 hours per week for at least 35 weeks per year shall be members of the system and contribute according to existing statutes.

February 9, 2000

Regular Compensation

Payments for cleaning and clothing allowances, which are not reimbursements for actual expenses, are regular compensation for retirement purposes.

Fitchburg Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2005

NOTE 4 - ADMINISTRATION OF THE SYSTEM

The System is administered by a five person Board of Retirement consisting of the City Auditor/Director Of Finance who shall be a member ex officio, a second member appointed by the governing authority, a third and fourth member who shall be elected by the members in or retired from the service of such system, and a fifth member appointed by the other four board members.

Ex officio Member: Richard N. Sarasin

Appointed Member: Ellen M. Jerszyk Term Expires: Indefinite

Elected Member: John C. Curran Term Expires: 10/31/08

Elected Member: John R. Lombard Term Expires: 10/31/07

Appointed Member: Norman J. LeBlanc Term Expires: 10/31/06

The Board members are required to meet at least once a month. The Board must keep a record of all of its proceedings. The Board must annually submit to the appropriate authority an estimate of the expenses of administration and cost of operation of the system. The board must annually file a financial statement of condition for the system with the Executive Director of PERAC.

The investment of the system's funds is the responsibility of the Board. All retirement allowances must be approved by the Retirement Board and are then submitted to the PERAC Actuary for verification prior to payment. All expenses incurred by the System must be approved by at least two members of the Board.

The following retirement board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts as follows:

Treasurer - Custodian:)	
Ex officio Member:)	\$50,000,000/\$1,000,000
Elected Member:)	MACRS POLICY
Appointed Member:)	
Staff Employee:)	

Fitchburg Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2005

NOTE 5 - ACTUARIAL VALUATION AND ASSUMPTIONS

The most recent actuarial valuation of the System was prepared by **Stone Consulting** as of **January 1, 2004**.

The actuarial liability for active members was	\$64,361,568
The actuarial liability for retired and inactive members was	<u>70,917,027</u>
The total actuarial liability was	135,278,595
System assets as of that date were	<u>70,509,854</u>
The unfunded actuarial liability was	<u>\$64,768,741</u>
 The ratio of system's assets to total actuarial liability was	 52.1%
As of that date the total covered employee payroll was	\$25,357,000

The normal cost for employees on that date was 8.30% of payroll

The normal cost for the employer was 4.70% of payroll

The principal actuarial assumptions used in the valuation are as follows:

Investment Return: 8.00% per annum

Rate of Salary Increase: 4.75% per annum

GASB STATEMENT NO. 25, DISCLOSURE INFORMATION AS OF JANUARY 1, 2004

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Cov. Payroll ((b-a)/c)
1/1/2004	\$70,510,000	\$135,276,000	\$64,766,000	52.1%	\$25,357,000	255.42%
1/1/2002	70,662,000	115,986,000	45,324,000	60.9%	26,518,000	170.92%
1/1/2000	65,756,000	98,667,000	32,911,000	66.6%	21,970,000	149.80%

Fitchburg Retirement System

NOTES TO FINANCIAL STATEMENTS (Continued)

FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2005

NOTE 6 - MEMBERSHIP EXHIBIT

Retirement in Past Years	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Superannuation	18	17	14	15	18	11	15	40	23	4
Ordinary Disability	0	0	1	1	0	0	0	2	0	0
Accidental Disability	1	4	0	1	0	3	1	7	0	3
Total Retirements	19	21	15	17	18	14	16	49	23	7
 Total Retirees, Beneficiaries and Survivors	 524	 523	 522	 508	 508	 501	 503	 553	 569	 557
 Total Active Members	 640	 710	 740	 750	 764	 817	 811	 694	 710	 718
 Pension Payments										
Superannuation	\$2,927,492	\$3,157,782	\$3,162,435	\$3,226,130	\$3,291,399	\$3,418,321	\$3,529,389	\$4,048,621	\$4,881,381	\$4,958,880
Survivor/Beneficiary Payments	182,738	168,055	174,180	156,427	163,612	249,598	226,788	221,464	240,126	272,003
Ordinary Disability	139,677	121,675	118,491	112,619	111,602	111,602	111,602	109,110	111,885	104,450
Accidental Disability	473,274	504,598	568,077	554,759	564,355	545,089	531,884	647,966	739,726	756,344
Other	<u>1,089,515</u>	<u>1,170,693</u>	<u>1,138,864</u>	<u>1,169,421</u>	<u>1,374,537</u>	<u>1,402,765</u>	<u>1,495,869</u>	<u>1,610,548</u>	<u>1,847,677</u>	<u>1,845,595</u>
Total Payments for Year	<u>\$4,812,696</u>	<u>\$5,122,803</u>	<u>\$5,162,047</u>	<u>\$5,219,356</u>	<u>\$5,505,505</u>	<u>\$5,727,375</u>	<u>\$5,895,533</u>	<u>\$6,637,709</u>	<u>\$7,820,795</u>	<u>\$7,937,272</u>

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